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## Proper execution key for 13MP's success

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### ECONOMY

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**PETALING JAYA:** The recently announced 13th Malaysia Plan (13MP) has set ambitious goals across key sectors to drive inclusive and sustainable growth.

However, experts firmly believe that proper execution remains key and that the plan's ambitions must be viewed in the context of external competitiveness.

Federation of Malaysian Manufacturers president Tan Sri Soh Thian Lai said the country's manufacturing sector, especially electrical and electronics (E&E), remains deeply embedded in global supply chains.

"Sustaining the benefits of higher multiplier effects will depend not just on domestic investment, but also on preserving trade competitiveness, through factors such as cost efficiency, skilled labour availability, logistics reliability and policy certainty."

"These are increasingly important as regional peers intensify their industrial policies," he said in a statement.

Additionally, Thian cautioned that value-added gains and employment spillovers could be constrained by structural rigidities such as skills mismatches, underutilised capacity, or regulatory bottlenecks.

"Without timely implementation and coordinated sectoral support, the full benefits may not materialise."

"As such, we recommend aligning industrial development with incentives for technology adoption, small and medium enterprise participation, and logistics optimisation," he said.

Meanwhile, CGS International (CGSI) economists Nazmi Idrus and Mas Aida Che Mansor noted that the 13MP strikes the right balance between priorities of various economic players, while providing enough clarity for investors to assess Malaysia's medium-term potential.

However, they emphasised that execution is vital for the plan's success.

"These five-year plans are reflections of the government's wish list, one that is made without a strategy for execution, in

# Proper execution key for 13MP's success

## Incentives vital for tech adoption and SME participation

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our view. As such, these goals, however lofty, seem to take on an aspirational tone rather than a commitment to implement within the timeframe.

"Meanwhile, we noticed that some initiatives, such as implementation of a foreign workers levy, have been recycled several times. Furthermore, we see the 13MP roll-out happening in the heat of a shifting geopolitical landscape," they said in a research note.

As new trade deals are signed, the economists noted that it remains to be seen whether Malaysia can navigate these changes effectively or whether a broader policy overhaul may be needed.

"Regardless, the 13MP paves the way for a new direction for the (upcoming) annual budget. We expect Budget 2026's to bring in October to include elements of the 13MP, including possibly milder development expenditure growth, as well as greater emphasis on the new focus sectors."

"Overall, no changes to our 2025 gross domestic product (GDP) growth forecast of 4.2% year-on-year," they added.

Meanwhile, MBSB Research noted that external trade is expected to grow below earlier projections, reflecting potential tariff impacts that may disrupt trade flows and weigh on export-oriented industries.

"Nonetheless, we believe the government's efforts to diversify export markets and product offerings will help cushion the impact of an uncertain trade environment and enhance resilience against potential trade disruptions."

"We believe this is crucial for Malaysia to achieve sustained growth in high-value, high-growth and strategic sectors – particularly in meeting the RM1 trillion target for E&E exports."

The research house added that this strategy also supports Malaysia's ambition to solidify its position as the world's sixth-largest semiconductor exporter and to move

further up the value chain.

"By sector, growth in the primary sectors is expected to remain modest for construction and services, although agriculture, mining and manufacturing are projected to see an uptick."

"Despite this, the GDP shares of the agriculture and mining sectors are forecast to drop to 5.2% and 5.1%, respectively, by 2025," it said.

In contrast, the services and construction sectors are expected to contribute more significantly, with projected shares of 60.5% and 4.3%, respectively.

Meanwhile, Phillip Capital Research said that overall, it is positive on the 13MP.

"The 13MP offers positive read-throughs for the construction and renewable energy (RE) sectors, underpinned by a clear focus on long-term infrastructure spending and the national energy transition."

"The 4% increase in development expenditure reaffirms the government's commitment to major public infrastructure projects, offering strong visibility for contractors."

Additionally, the research house said the 35% RE capacity target strengthens the case for green energy investments.

"However, the reference to a build-to-sell housing approach introduces potential headwinds for the property sector, pending more clarity on execution."

"Strategic sectors such as semiconductors, clean energy, high-value agriculture, and digital services have been identified as key growth engines, supported by broader efforts to embed artificial intelligence, expand 5G coverage and improve regulatory efficiency."